



INDIANA UTILITY REGULATORY COMMISSION
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FILED

MAY 10 2005

INDIANA UTILITY
REGULATORY COMMISSION

CAUSE NO. 38707-FAC 65

**APPLICATION FOR PSI ENERGY, INC. FOR)
APPROVAL OF A CHANGE IN ITS FUEL COST)
ADJUSTMENT FOR ELECTRIC SERVICE, FOR)
APPROVAL OF A CHANGE IN ITS FUEL COST)
ADJUSTMENT FOR HIGH PRESSURE STEAM)
SERVICE, AND TO UPDATE MONTHLY)
BENCHMARKS FOR THE CALCULATION OF)
PURCHASED POWER COSTS IN ACCORDANCE)
WITH IND. CODE 8-1-2-42 AND IND. CODE)
8-1-2-42.3 AND VARIOUS ORDERS OF THE)
INDIANA UTILITY REGULATORY COMMISSION)**

You are hereby notified that on this date the Indiana Utility Regulatory Commission ("Commission") has caused the following entry to be made:

Petitioner should file written responses to the following questions by Friday, May 13, 2005:

1. Please detail the cause(s) for the large estimation errors during the months of January and February 2005.

2. Review of the FAC factors for the last 2+ years shows substantial seasonal volatility:

July 2003	2.126 mills/ kWh
January 2004	(2.281) mills/ kWh
July 2004	2.026 mills/ kWh
January 2005	(2.024) mills/ kWh
July 2005*	2.619 mills/ kWh

Driven in general by over estimation of fuel costs in the summer months and under estimation of fuel costs in the winter months as seen by the following FAC factor variance contributions for these same seasons:

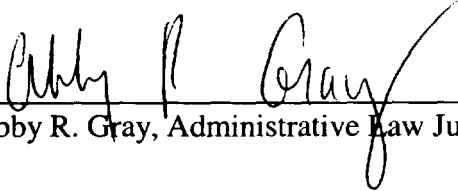
July 2003	1.768 mills/ kWh
January 2004	(1.224) mills/ kWh
July 2004	1.292 mills/ kWh
January 2005	(1.305) mills/ kWh
July 2005*	1.133 mills/ kWh

*as proposed

Please describe what actions PSI has taken, or plans on taking, to improve the accuracy of its

forecasting and limiting volatility of fuel costs passed on to ratepayers.

IT IS SO ORDERED.



Abby R. Gray, Administrative Law Judge

Date: May 10, 2005